

Geetanjali Trading and Investments Private Limited

Policy on Declaration and Payment of Dividend

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Policy Custodian:

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1. Preamble

The Reserve Bank of India (RBI) has issued the **Master Direction – Core Investment Companies (Reserve Bank) Directions, 2025** and the **RBI (Non-Banking Financial Companies – Prudential Norms on Declaration of Dividends) Directions, 2025**. This policy is framed to ensure that the Company maintains sufficient capital to support its risk profile while providing a transparent framework for dividend distribution to its shareholders.

2. Applicability

This policy applies to Geetanjali Trading and Investments Private Limited (the “Company”), a **Systemically Important Non-Deposit Taking Core Investment Company (CIC-ND-SI)** categorized under the **Middle Layer (NBFC-ML)** as per the RBI Scale Based Regulation (SBR) framework.

3. Definitions

“Dividend Payout Ratio” means the ratio between the amount of the dividend payable in a year and the net profit as per the audited financial statements for the financial year for which the dividend is proposed. Proposed dividend shall include both dividend on equity shares and compulsory convertible preference shares eligible for inclusion in Owned Funds/ Adjusted Net Worth. In case the net profit for the relevant period includes any exceptional and/or extra-ordinary profits/ income or the financial statements are qualified (including ‘emphasis of matter’) by the statutory auditor that indicates an overstatement of net profit, the same shall be reduced from net profits while determining the Dividend Payout Ratio.

4. Eligibility Criteria

As per Paragraph 6 of the RBI (NBFC – Prudential Norms on Declaration of Dividends) Directions, 2025, the Company must meet the following criteria to be eligible to declare a dividend:

- a) **Capital Adequacy:** The Company’s Adjusted Net Worth (ANW) must not be less than 30% of its aggregate Risk Weighted Assets (RWA) for the last three financial years, including the year for which the dividend is proposed.
- b) **Leverage Ratio:** The outside liabilities of the Company shall not exceed 2.5 times its Adjusted Net Worth in each of the last three financial year including in the year for which dividend is proposed.
- c) **Net NPAs:** The Net NPA ratio shall be less than 6% at the end of the financial year for which the dividend is proposed.
- d) **Regulatory Compliance:** The Company must be in compliance with the provisions of Section 123 to Section 127 and Chapter VIII of the Companies Act, 2013 and Master Direction – Core Investment Companies (Reserve Bank) Directions, 2025 and the RBI

(Non-Banking Financial Companies – Prudential Norms on Declaration of Dividends) Directions, 2025

- e) **No Default:** The Company should not have defaulted in the repayment of any of its liabilities, and there should be no subsisting default in the payment of interest or principal to any financial institution or bank.

5. Quantum of Dividend Payable

- a) For CICs, the maximum dividend payout ratio is capped at **60%** of the net profit for the financial year.
- b) As per the latest 2025 Directions, if the Company does not accept public funds and do not have any customer interface, there is no regulatory ceiling on the dividend payout ratio, provided all other eligibility criteria are met.
- c) The payout ratio shall be calculated as: *(Total Dividend Payable in a year / Net Profit for the year)*.
- d) Proposed dividend shall include both dividend on equity shares and compulsorily convertible preference shares eligible for inclusion in Tier 1 Capital, if applicable.
- e) If the net profit for the relevant period includes any exceptional and/or extraordinary profits/income or the financial statements are qualified (including 'emphasis of matter') by the statutory auditor that indicates an overstatement of net profit, the same shall be reduced from net profits while determining the Dividend Payout Ratio.
- f) No dividend shall be declared or paid by the Company from its reserves other than free reserves, as defined under the Companies Act, 2013.
- g) The company may transfer a specified percentage of its profits to reserves before declaring any dividend, as per the applicable provisions of the Companies Act, 2013, and rules made thereunder.

6. Board Oversight

The Board of Directors, while considering the proposal for dividend, shall take into account:

- a) Supervisory findings of the RBI on divergence in classification and provisioning.
- b) Qualifications in the Auditors' Report to the financial statements;
- c) Long-term growth plans and capital expenditure requirements of the Company and its group companies;
- d) The requirement to maintain a Tier 1 Capital buffer under the Internal Capital Adequacy Assessment Process (ICAAP); and
- e) Any other relevant factors and circumstances that the Board may consider appropriate.
- f) The Board shall ensure that the total dividend proposed for the financial year does not exceed the ceilings specified in this policy and is in compliance with the Companies Act, 2013, and rules made thereunder.

7. Reporting System

- a) **RBI Reporting:** The Company shall report the details of the dividend declared during the financial year within a fortnight of the declaration to the concerned Regional Office of the Department of Supervision, RBI, in the prescribed format.
- b) **Statutory Disclosures:** Details of the dividend paid, and the policy shall be disclosed in the Annual Report and on the Company's website as per the applicable provisions of the Companies Act, 2013.

8. Review and Amendments

This policy shall be reviewed annually by the Board of Directors to ensure continued alignment with the Companies Act, 2013 (Section 123 to 127) and the evolving RBI Master Directions on CICs.

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